



# 3rd quarterly report 2016



Stock Exchange Ann. no 7/2016 - 27 October 2016

## Very satisfactory results and positive development in the bank's business volume

- Record profit before tax of DKK 75.9 million compared with DKK 45.7 million in 2015
- Growth in interest and fee income and reduced impairment
- Core earnings of DKK 90 million, which is a historically high level
- Decrease in impairment of 38% to DKK 24.7 million, compared to DKK 39.7 million in 2015
- Increase in lending volume of DKK 230 million, or 6.6% to DKK 3.7 billion. Deposits increased similarly by DKK 228 million or 5.1% to DKK 4.7 billion, corresponding to a deposit surplus of DKK 970 million
- Capital ratio of 15.8% and individual solvency requirements of 10.6%, corresponding to a 5.2 percentage point coverage
- Clarification of expectations for core earnings for the year, such that this is at the top of the previously announced range of DKK 100 - 110 million before impairment, exchange rate adjustments and tax.

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## 5 years in summary

1,000 DKK	2016	2015	2014	2013	2012	1.1- 31.12 2015
<b>Profit and loss account</b>						
Net income from interest .....	121,330	121,864	123,343	118,182	113,874	162,228
Div. on shares and other holdings .....	12,340	11,641	6,454	6,090	2,845	11,692
Charges and commissions (net) .....	64,613	59,310	58,757	45,230	41,048	81,316
<b>Net inc. from int. and charges .....</b>	<b>198,283</b>	<b>192,815</b>	<b>188,554</b>	<b>169,502</b>	<b>157,767</b>	<b>255,236</b>
Value adjustments .....	13,603	3,059	15,277	7,805	4,350	11,536
Other ordinary income .....	1,284	1,278	912	1,372	867	1,610
Staff costs and administrative expenses .....	109,608	100,400	100,818	97,706	98,747	139,680
Depreciation of intangible and tangible assets .....	2,898	3,837	3,974	3,393	5,150	3,924
Other operating expenses total .....	52	6,796	7,473	7,812	5,546	9,066
Contributions to the Guarantee Fund for deposits .....	52	6,655	7,241	7,106	5,418	8,926
Other operating expenses .....	0	141	234	706	128	140
Write-downs on loans etc. (net) .....	24,682	39,713	31,528	46,448	48,127	63,908
Profit on holding in associated and affiliated companies .....	0	-700	-190	0	-4,100	-760
<b>Operating profit .....</b>	<b>75,930</b>	<b>45,706</b>	<b>60,760</b>	<b>23,320</b>	<b>1,314</b>	<b>51,044</b>
Taxes .....	15,882	10,741	16,062	5,830	1,191	10,929
<b>Profit for the period .....</b>	<b>60,048</b>	<b>34,965</b>	<b>44,698</b>	<b>17,490</b>	<b>123</b>	<b>40,115</b>
Of which are holders of shares of hybrid core capital instruments etc. ....	4,707	0	0	0	0	1,831
<b>Balance sheet as per 30th September summary</b>						
Total assets .....	5,683,466	5,270,819	5,437,606	5,293,984	5,767,030	5,424,729
Loans and other debtors .....	3,741,418	3,683,495	3,773,924	3,691,049	3,520,229	3,511,175
Guarantees etc. ....	831,003	672,939	583,245	557,684	449,870	792,047
Bonds .....	807,658	723,062	809,865	920,067	1,130,067	707,428
Shares etc. ....	218,356	188,610	217,226	215,043	189,510	179,233
Deposits and other debts .....	4,711,560	4,287,763	4,222,524	3,908,943	4,412,133	4,483,104
Subordinated capital investments .....	99,559	227,659	268,946	269,019	358,253	169,439
<b>Capital funds .....</b>	<b>674,984</b>	<b>557,413</b>	<b>618,332</b>	<b>565,895</b>	<b>382,200</b>	<b>619,425</b>
Dividends .....						0
<b>Capital Base .....</b>	<b>678,095</b>	<b>646,577</b>	<b>696,929</b>	<b>684,845</b>	<b>606,023</b>	<b>663,076</b>
Total weighted items .....	4,282,495	4,133,142	4,203,033	4,015,821	3,850,078	4,075,417

### Core earnings

Core income .....	202,557	195,490	192,220	174,021	170,191	265,399
Costs etc. ....	-112,506	-102,688	-103,392	-101,099	-101,897	-149,210
Core earnings before write-downs, value adjustments and Governmental Guarantee Scheme I .....	90,051	92,802	88,828	72,922	68,294	116,189
Guarantee commission for the state *) .....	-	-	-	-1,925	-8,770	-
<b>Total core earnings .....</b>	<b>90,051</b>	<b>92,802</b>	<b>88,828</b>	<b>70,997</b>	<b>59,524</b>	<b>116,189</b>

\*) Commission of 0.95% of issued government-guaranteed bonds.

## Financial ratios - 30th September

(figures in pct.)	2016	2015	2014	2013	2012
Solvency ratio .....	15.8	15.6	16.5	17.1	15.7
Core capital ratio .....	13.9	13.9	13.8	13.8	11.2
Return on own funds before tax .....	12.3	8.5	10.2	4.2	0.3
Return on own funds after tax .....	9.7	6.5	7.5	3.1	0.0
Earning/expense ratio in DKK .....	1.52	1.30	1.42	1.15	1.01
Interest rate risk .....	0.6	-1.4	-1.5	-1.5	-4.2
Foreign currency position .....	0.4	0.2	0.3	1.5	0.7
Foreign currency risk .....	0.0	0.0	0.0	0.0	0.0
Advances against deposits .....	87.1	94.8	95.3	100.3	86.8
Statutory liquidity surplus .....	156.4	124.9	137.6	133.3	211.6
Total large commitments .....	22.8	29.7	10.4	38.6	12.2
Accumulated impairment ratio .....	7.3	7.9	5.4	5.1	7.2
Impairment ratio for the period .....	0.7	0.8	0.7	1.0	1.1
Increase in loans etc. for the period .....	6.6	1.1	3.5	5.2	-0.2
Ratio between loans etc. and capital funds .....	6.1	6.6	6.1	6.5	9.2
(value per share 100 DKK)					
Earnings per share (result period) .....	28.7	18.1	23.2	9.1	0.5
Book value per share .....	320	289	321	294	1,830
Market value/earning per share .....	7.0	9.9	9.0	22.0	917.9
Market value/book value .....	0.63	0.62	0.65	0.68	0.27
(value per share 20 DKK)					
Earnings per share (result period) .....	5.7	3.6	4.6	1.8	0.1
Book value per share .....	64	58	64	59	366
Market value/earning per share .....	1.4	2.0	1.8	4.4	183.5
Market value/book value .....	0.13	0.12	0.13	0.14	0.05



## Management's report

The first 3 quarters of the year have been very satisfactory with strong growth in net interest and fee income, and reduced impairment. The results are further characterised by reduced costs to the Danish Deposit Guarantee Scheme and increased exchange rate adjustments, but also an increasing cost consumption for staff and administration. Profit before tax increased by DKK 30.2 million or 66% to a very satisfactory profit of DKK 75.9 million.

The reduced impairment of DKK 24.7 million, compared with DKK 39.7 million in 2015, was realised despite the agricultural acquisitions still being challenged, which has resulted in increased impairment in this segment. The bank's other segments are progressing very satisfactorily, and we can point to significant reversals of previously impaired exposures.

The demand for loans in the bank's market area is increasing, and the bank can also point to a satisfactory and solid customer approach, which altogether has resulted in the lending volume having increased by 6.6% since 31 De-

cember 2015 - corresponding to DKK 230 million.

It has successfully increased the share of lending and guarantees to the private segment from 31% as of 30 September 2015 to 35% as of 30 September 2016. The bank's goal of further increasing the percentage of private loans remains unchanged.

The solid excess liquidity was maintained at 156.4%, corresponding to a coverage of DKK 1,003 million.

The bank's capital ratio amounts to 15.8% and the core capital ratio at 13.9%. The individual solvency requirement is calculated at 10.6%, corresponding to a solvency coverage of 149.1%. The solvency requirements have improved by 0.8% as of 31 December 2015. Compared with the actual capital base of DKK 678.6 million, there was a surplus of DKK 225 million at the end of the third quarter of 2016.

The strength of the bank's capital resources could also be viewed in light of the fact that the actual core capital constitutes 12.8%, compared with the indi-

vidual solvency requirement of 10.6%.

Core earnings comply with the annual budget and are at a historically high level, and are thus considered very satisfactory.

Expectations for core earnings for 2016 were clarified to be at the top of the previously announced range of DKK 100 - 110 million before impairment, exchange rate adjustments and tax.

### Net interest income

Net interest income amounted to DKK 121.3 million as of 30 September 2016 and is thus at the same level as the previous year.

Interest income decreased by 9.7% to DKK 150.5 million, which is still primarily due to a decline in average lending rates during the period, as a result of the competitive market situation.

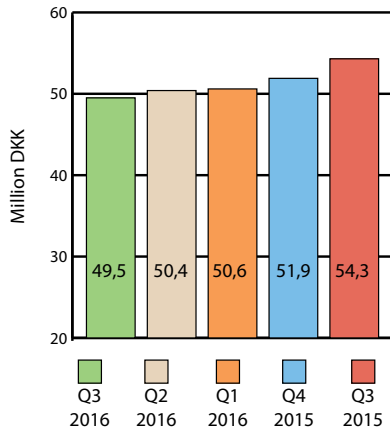
Interest expenses were reduced by 34.8% to DKK 29.1 million, which was reduced by DKK 13.4 million due to the interest expenses for customer deposits as a result of the extremely low interest

### The bank's loan and guarantee debtors distributed on segments constitute:

	30/9-16	31/12-15	30/9-15
Public authorities	0.0 %	0.0 %	1.2 %
Agriculture, hunting, forestry and fishing			
Plant production	1.7 %	1.5 %	1.7 %
Cattle farming	9.0 %	8.4 %	8.9 %
Pig farming	2.1 %	2.2 %	2.6 %
Mink production	1.3 %	1.5 %	1.4 %
Other agriculture	1.0 %	1.5 %	0.8 %
Manufacturing and extraction of raw materials	2,5 %	2.5 %	2.5 %
Energy supply	6.1 %	6.8 %	7.5 %
Constructions	6.4 %	6.1 %	6.3 %
Trade	8.4 %	9.0 %	8.6 %
Transport, hotels and restaurants	1.7 %	1.4 %	1.4 %
Information and communication	0.4 %	0.3 %	0.2 %
Finance and insurance	5.1 %	6.5 %	8.1 %
Real-estate	13.6 %	12.7 %	13.4 %
Other industries	5.7 %	6.1 %	4.4 %
Private persons	35.0 %	33.5 %	31.0 %

From the above sectoral distribution represents alternative energy 5.3 %.

### Interest income



level in the market, and the interest expenses for issued bonds and subordinated capital contributions decreased by DKK 2.1 million.

The development in interest expense is as expected.

The bank's interest margin was unchanged compared to the same period in 2015.

### Fee income

Net income from fees and commissions has increased by DKK 5.5 million compared to last year.

Income from fees and commissions amounts to DKK 64.6 million, compared with DKK 59.3 million in 2015. As expected loan fees have decreased by DKK 2.1 million as a result of lower activity in the mortgage area. The difficult securities market in the first 9 months of the year has resulted in a reduction in income of DKK 4.8 million. Other fee and commission income increased by a total of DKK 4.4 million.

Expenses paid for fees and commissions are DKK 7.9 million less compared to last year. The reduction is due to the sale of shares in DLR Kredit A/S in the 1st quarter of 2015, which triggered a commission expense of DKK 7.5 million.

Net interest and fee income amounted to DKK 198.3 million, which is an increase of DKK 5.5 million, corresponding to 2.8% compared to the same period last year.

### Exchange rate adjustments

After a period of large fluctuations in the securities markets, the portfolio of stocks and bonds earned profits totalling DKK 13.6 million, compared with DKK 3.0 million on 30 September 2015.

The capital gains are distributed with

DKK 6.1 million from the bond portfolio and DKK 4.8 million from the shareholdings. In addition, exchange rates and derivative financial instruments achieved an income of DKK 2.7 million in the same period.

### Costs

Staff and administration expenses, etc. amounted to DKK 109.6 million compared with DKK 100.4 million in the same period in 2015, and have thus increased by DKK 9.2 million or 9.2%.

In terms of organic growth, the number of employees increased in the customer-oriented departments, which has contributed to increased personnel costs of DKK 3.8 million. In addition to more employees, this includes increased payroll tax of DKK 1.1 million, and a general collective agreement wage increase of DKK 0.7 million.

The increase in administrative expenses was primarily due to increased EDB expenses and an increase in the bank's total marketing costs.

It is extremely positive that the costs of strategic investments in organic growth - additional employees and enhanced marketing initiatives - have significantly contributed to the solid results for the period.

### Impairment

Net impairment for the period of DKK 24.7 million compared with DKK 39.7 million in 2015.

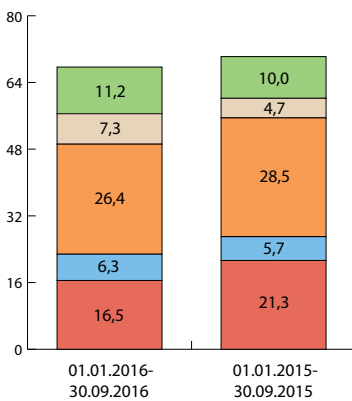
There is increased impairment of DKK 73.0 million, and reversals of previous impairment of DKK 42.7 million. Recorded losses for the period amounted to DKK 40.0 million, of which only DKK 5.7 million had not been previously written down.

The period's loan impairment, etc. cor-

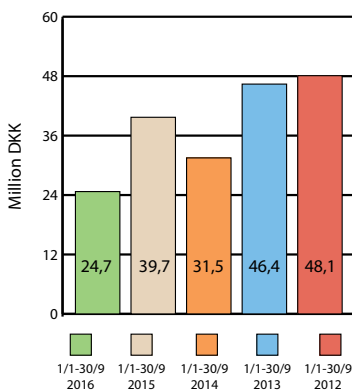
### Charges and commissions receivable

(Million DKK)

- Securities trading and custodies
- Payment management
- Charges from loan applications
- Commissions on guarantees
- Other charges and commissions



### Write-downs on loans etc.





Skjern Bank, Skjern

responds to 0.5% of the total loans and guarantees, and is still affected by the significant challenges in the agricultural segment.

The need for impairment in 2015 was DKK 63.9 million and the management expects a total impairment need at a significantly lower level in 2016.

It is satisfactory that the intensive work with the bank's weak exposures has resulted in the impairment on a fair number of exposures being reduced or made profitable by DKK 42.7 million. This strengthens confidence in the possibility of reversals of previous write-downs in the bank's total impairment account in the future.

#### **Profit for the period**

Profit before tax amounted to DKK 75.9 million compared with DKK 45.7 million as of 30 September 2015. After taxes, the period's net profit amounted to DKK 60.0 million.

The management is pleased to note that the profit for the period is the highest in the bank's history, and that core earnings are maintained at a high level.

Lending demand is increasing, with increased volumes to follow, and the total cost base is reduced, primarily interest expenses and impairment.

The bank's management believes the outcome to be very satisfactory.

#### **Capital**

Equity amounted to DKK 674.9 million compared to DKK 619.4 million at the end of the previous year. A hybrid core capital of DKK 58.9 million was recognised in the bank's equity on 30 September 2016.

After addition of subordinated capital contributions of DKK 99.6 million and adjustments for reduction in weighting and other deductions, the bank's capital base at the end of the period amounted to DKK 678.1 million.

The capital ratio was estimated at 15.8%, which is a decrease of 0.5% points compared to 31 December 2015. The reduction is expected and is due to the repayment of hybrid core capital with a weight of DKK 49 million as of 31 December 2015, as well as the development in the bank's risk-weighted assets, while the positive net income has contributed positively to the calculation of the bank's capital base.

Compared with 30 September 2015, the bank's capital ratio increased from 15.6% to 15.8%, while the core capital ratio was unchanged at 13.9%.

The necessary capital corresponding to the individual solvency requirements is calculated at 10.6%, which is an improvement of 0.8% points compared with the end of 2015.

The bank thus has foundation capital with a sufficient surplus of 149.1% compared to the necessary capital, which is expressed by the bank's calculated solvency requirements.

#### **Shareholders**

TLind Invest A/S, Aarhus and AP Pension Livsforsikringsaktieselskab, København Ø own 24.73% and 20.75% respectively. Both possess 5% of the voting rights.

#### **Liquidity**

Customer deposits amount to DKK 4,712 million, of which DKK 3,999 million is covered by the Danish Deposit Guarantee Scheme. The deposits are considered stable, since most of them come from base customer relationships.

The liquidity surplus is at 156.4%, which follows the strategic goal of maintaining liquidity reserves at fully manageable levels.

The LCR ratio entered into force in November 2015. The ratio shows how banks are able to meet their payment obligations for an upcoming 30-day period without access to market funding.



As of 1 January 2016, non-SIFI banks, which includes Skjern Bank, must have a coverage of at least 70%, gradually increasing by 10% as of 1 January 2017, and 20% as of 1 January 2018, such that the ratio will be at least 100% as of 1 January 2018.

The bank has chosen to follow the same rules that apply to the largest bank, SIFI banks, which is why the bank's goal is to have the LCR ratio always be a minimum of 100%.

The bank achieved the goal and as of 30 September 2016 has an LCR financial ratio of 325%.

#### **Skjern Bank shares**

On 30 September 2016 the bank owned 16,682 shares, which is at the same level as 31 December 2015.

The bank's share price was 40.0 on 30 September 2016, compared with 33.6 at the beginning of the year.

The market price thus amounts to DKK 386 million as of 30 September 2016, corresponding to an intrinsic value of 0.63. Shares were traded actively in the

market and there is a satisfactory liquidity in the shares.

#### **Expectations**

Expectations for core earnings for 2016 were clarified to be at the top of the previously announced range of DKK 100 - 110 million before impairment, exchange rate adjustments and tax.

#### **„The Supervisory Diamond“**

The Danish Financial Supervisory Authority's mandatory Supervisory Diamond specifies five indicators for banking activities with increased risk.

The bank's status for each indicator as of 30 September 2016 is calculated in the figure below, where the indicators established by the Danish Financial Supervisory Authority are also shown.

Skjern Bank continues to comply with all limit values as of 30 September 2016 and has not exceeded any of the limit values at any time during the Supervisory Diamond's existence.

#### **Liquidity reserve (min. 50 %):**

Skjern Bank's liquidity reserve is signifi-

cant and amounts to 156.4% as of 30 September 2016 compared to 174.8% as of 31 December 2015.

#### **Funding ratio (max. 100 %):**

The current funding situation leaves room for significantly more loans, since the bank's loans compared to deposits, equity and debt securities are only 68%, which is at the same level as 31 December 2015, when the funding ratio was estimated at 67%.

#### **Property exposure (max. 25 %):**

Skjern Bank has an attractive industry spread, and compared to the real estate sector, the exposure is 14.1%, which is slightly higher than 31 December 2015, which amounted to 13.7%.

#### **Major engagements (max. 125 %):**

Major engagements are defined as the sum of major engagements that constitute more than 10 per cent of the capital base. Skjern Bank primarily targets small and medium businesses, as well as private customers, and as of 30 September 2016, it had two major customer engagements of a total of 22.8%, compared to 23.4% as of 31 December 2015.



**Loan growth (max. 20 %):**

As expected, the bank has realised a lending growth in 2016 and the lending growth can thus be calculated at 6.6% as of 30 September 2016 compared to -3.8% throughout 2015.

**Transactions with related parties**

During the first 3 quarters of the year, there have not been major transactions between Skjern Bank and the bank's related parties.

**Contribution to the Danish Deposit Guarantee Scheme**

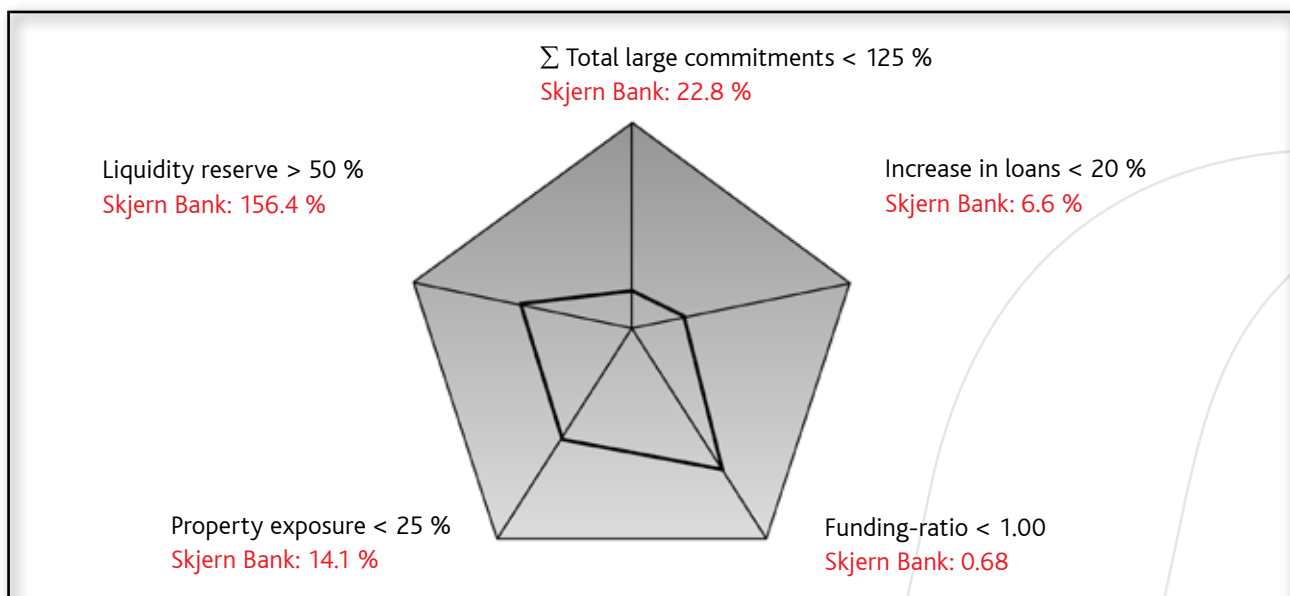
As of 30 September 2016 there has been no payment of contributions to the Danish Deposit Guarantee Scheme, which is due to the payments in the previous year having been sufficient in relation to the established objectives of the fund's reserves. During the same period last year, the bank had expenses of DKK 7.2 million for the Danish Deposit Guarantee Scheme.

**Accounting practices used**

The quarterly report was prepared in accordance with the Danish Financial Business Act, including the Danish Financial Supervisory Authority's Executive Order on financial reports for credit institutions and investment companies, etc. and additional Danish disclosure requirement for interim reports for listed companies.

The accounting practice used is unchanged compared to the annual report for 2015.

**The Supervisory Diamond**





*Fall in Dejbjerg Plantation*

**Events after 30 September 2016**

No events have occurred after the balance date that are of significance for the assessment of the profit for the period.

**Litigation**

The bank is involved in disputes and litigation as part of its normal operations. The bank's risk in these cases is regularly assessed by the bank's lawyers and management. Provisions are made based on an assessment of risk of loss.

Yours sincerely,  
Skjern Bank

Hans Ladekjær Jeppesen  
Chairman of the Board of Directors

Per Munck  
Director



Skjern Bank, Skjern

## Statement by the board of directors and executive board

We have on today's date discussed and approved the semi-annual report for the period of 1 January–30 September 2016 for Skjern Bank A/S.

The report was prepared in accordance with the Danish Financial Business Act, including the Executive Order on financial reports for credit institutions and investment companies, etc. and additional Danish disclosure requirement for

interim reports for listed financial institutions.

We consider the accounting policies chosen to be appropriate such that the accounts provide a true and fair view of the bank's assets and liabilities, financial position and profit.

We consider the management's statement to contain a fair review of the de-

velopment in the bank's activities and economic conditions and a description of the significant risks and uncertainty factors by which the bank may be affected.

No audit or review of the quarterly report has been conducted, but an external audit has verified that the conditions for ongoing recognition of the period's earnings in core capital are met.

Skjern, 27th October 2016

### Skjern Bank A/S

Per Munck  
Director

### The board of directors

Hans Ladekjær Jeppesen  
Chairman

Jens Okholm  
Deputy Chairman

Bjørn Jepsen

Finn Erik Kristiansen

Søren Dalum Tinggaard

Lars Skov Hansen

Lars Lerke

Carsten Jensen

*This document has been translated from Danish. The Danish text shall govern for all purposes and prevail in case of discrepancy with the English version.*

## Profit and loss account and Statement of comprehensive income 1st January - 30th September

1,000 DKK	2016	2015	1.1-31.12 2015
Interest receivable .....	150,498	166,617	218,537
Interest payable .....	29,168	44,753	56,309
<b>Net income from interest .....</b>	<b>121,330</b>	<b>121,864</b>	<b>162,228</b>
Dividend on shares and other holdings .....	12,340	11,641	11,692
Charges and commissions receivable .....	67,682	70,268	93,459
Charges and commissions payable .....	3,069	10,958	12,143
<b>Net income from interest and charges .....</b>	<b>198,283</b>	<b>192,815</b>	<b>255,236</b>
Exchange rate adjustments .....	13,603	3,059	11,536
Other ordinary income .....	1,284	1,278	1,610
Staff costs and administrative expenses .....	109,068	100,400	139,680
Depreciation of intangible and tangible assets .....	2,898	3,837	3,924
Other operating expenses total .....	52	6,796	9,066
Contributions to the Guarantee Fund for deposits .....	52	6,655	8,926
Other operating expenses .....	0	141	140
Write-downs .....	24,682	39,713	63,908
Profit on holdings in associated and affiliated companies .....	0	-700	-760
<b>Profit on ordinary activities before tax .....</b>	<b>75,930</b>	<b>45,706</b>	<b>51,044</b>
Tax .....	15,882	10,741	10,929
<b>Profit for the financial year .....</b>	<b>60,048</b>	<b>34,965</b>	<b>40,115</b>
Of which are holders of shares of hybrid core capital instruments etc. ....	4,707	0	1,831
<b>Statement of comprehensive income</b>			
Profit for the financial year .....	60,048	34,965	40,115
Other comprehensive income after tax .....	0	0	0
<b>Total comprehensive income .....</b>	<b>60,048</b>	<b>34,965</b>	<b>40,115</b>

## Balance by 30th September

1,000 DKK	2016	2015	1.1- 31.12 2015
<b>Assets</b>			
Cash in hand and claims at call on central banks .....	122,515	275,881	277,630
Claims on credit institutions and central banks .....	667,838	248,862	605,809
Loans and advances at amortized cost price .....	3,741,418	3,682,495	3,511,175
Bonds at market value .....	807,658	723,062	707,428
Shares etc. ....	218,356	188,610	179,233
Holdings in group enterprises .....	0	2,326	0
Land and buildings (total) .....	50,488	50,287	51,141
Investments properties .....	2,961	2,961	2,961
Domicile properties .....	47,527	47,326	48,180
Other tangible assets .....	5,494	5,939	5,179
Current tax assets .....	0	2,930	2,536
Deferred tax assets .....	18,394	28,853	28,455
Other assets .....	47,640	55,739	47,787
Prepayments and accrued income .....	3,665	5,835	8,369
<b>Total assets</b> .....	<b>5,683,466</b>	<b>5,270,819</b>	<b>5,424,739</b>



## Balance by 30th September (continued)

1,000 DKK	2016	2015	1.1- 31.12 2015
<b>Liabilities</b>			
<b>Debt</b>			
Debt to credit institutions .....	103,569	111,225	85,561
Deposits and other debts .....	4,711,560	4,278,763	4,483,104
Current tax-liability .....	2,417	4,130	0
Other liabilities .....	90,213	90,321	66,536
Accruals and deferred income .....	1,164	1,161	612
<b>Total debt</b> .....	<b>4,908,923</b>	<b>4,485,600</b>	<b>4,635,813</b>
<b>Provisions for commitments</b>			
Provisions for loss on guarantees .....	0	147	62
<b>Total provisions for commitments</b> .....	<b>0</b>	<b>147</b>	<b>62</b>
<b>Subordinated capital investments</b> .....			
Subordinated loan capital .....	99,559	99,380	99,439
Hybrid core capital .....	0	128,279	70,000
<b>Subordinated capital investments total</b> .....	<b>99,559</b>	<b>227,659</b>	<b>169,439</b>
<b>Capital funds</b>			
Share capital .....	192,800	192,800	192,800
Revaluation reserves .....	417	417	417
Retained earnings .....	422,875	364,196	367,314
Holders of hybrid capital .....	58,892	0	58,629
<b>Total capital funds</b> .....	<b>674,984</b>	<b>557,413</b>	<b>619,425</b>
<b>Total liabilities</b> .....	<b>5,683,466</b>	<b>5,270,819</b>	<b>5,384,120</b>

## Off-balance-sheet items by 30th September

1,000 DKK	2016	2015	1.1- 31.12 2015
<b>Guarantees</b>			
<b>Guarantees</b>			
Finance guarantees .....	38,859	19,524	29,136
Guarantees against losses on mortgage credit loans .....	323,794	227,935	287,347
Registration and conversion guarantees .....	118,444	74,418	108,124
Other guarantees .....	349,906	351,062	367,440
<b>Total guarantees .....</b>	<b>831,003</b>	<b>672,939</b>	<b>792,047</b>
<b>Other contingent liabilities</b>			
Irrevocable credit-undertakings .....	102,619	39,860	67,050
<b>Total other contingent liabilities .....</b>	<b>102,619</b>	<b>39,860</b>	<b>67,050</b>

## Information on changes in equity 30th September

1,000 DKK	2016	2015	1.1- 31.12 2015
Share capital beginning-of-year .....	192,800	192,800	192,800
<b>Share capital end-of-year .....</b>	<b>192,800</b>	<b>192,800</b>	<b>192,800</b>
Revaluation reserves beginning-of-year .....	417	417	417
Additions related to reassessed value .....	0	0	0
Other movements .....	0	0	0
<b>Revaluation reserves end-of-year .....</b>	<b>417</b>	<b>417</b>	<b>417</b>
Retained earnings beginning-of-year .....	367,579	329,314	329,314
Comprehensive income for the period .....	55,341	34,965	38,284
Sale of own funds .....	6,438	10,967	17,512
Purchase of own funds .....	-6,483	-11,050	-17,530
<b>Retained earnings end-of-year .....</b>	<b>422,875</b>	<b>364,196</b>	<b>367,579</b>
Holders of hybrid capital beginning-of-year .....	58,629	0	0
Net profit or loss for the year (interest hybrid capital) .....	4,707	0	1,831
Paid interest .....	-4,444	0	-1,569
Issue of hybrid core capital, net .....	0	0	58,367
<b>Holders of hybrid core capital end-of-year .....</b>	<b>58,892</b>	<b>0</b>	<b>58,629</b>
<b>Total equity .....</b>	<b>616,092</b>	<b>557,413</b>	<b>619,425</b>





## Notes per 30th September

1,000 DKK	2016	2015	1.1-31.12 2015
<b>Interest receivable</b>			
Claims on credit institutions and central banks .....	-2,599	-1,104	-1,766
Loans and other debtors etc. ....	145,560	159,387	209,317
Bonds .....	7,221	8,325	10,915
Total other financial instruments of which .....	316	9	59
Foreign exchange contracts .....	-268	-1,154	-357
Interest-rate contracts .....	584	1,163	416
Other interest income .....	0	0	12
<b>Total interest receivable .....</b>	<b>150,498</b>	<b>166,617</b>	<b>218,537</b>
<b>Interest payable</b>			
Credit institutions and central banks .....	18	29	35
Deposits .....	22,865	36,297	45,338
Bonds issued .....	0	0	0
Subordinated capital investments .....	6,264	8,417	10,923
Other interest expenses .....	21	10	13
<b>Total interest payable .....</b>	<b>29,168</b>	<b>44,753</b>	<b>56,309</b>
<b>Charges and commissions receivable</b>			
Securities trading and custodies .....	16,533	21,301	27,820
Payment management .....	6,342	5,665	7,586
Charges from loan applications .....	26,408	28,587	35,999
Commissions on guarantees .....	7,230	4,691	6,355
Other charges and commissions .....	11,169	10,024	15,699
<b>Total charges and commissions receivable .....</b>	<b>67,682</b>	<b>70,268</b>	<b>93,459</b>
<b>Value adjustments</b>			
Bonds .....	6,085	-11,060	-13,148
Total shares .....	4,787	12,456	21,892
Shares in sector companies etc. ....	2,406	2,421	9,422
Other shares .....	2,381	10,035	12,470
Foreign currency .....	2,991	1,660	2,884
Other financial instruments .....	-260	3	-92
<b>Total value adjustments .....</b>	<b>13,603</b>	<b>3,059</b>	<b>11,536</b>

## Notes per 30th September (continued)

1,000 DKK	2016	2015	1.1-31.12 2015
<b>Staff costs and administrative expenses</b>			
<b>Salaries and remuneration of board of directors, managers etc.</b>			
Board of managers .....	1,988	1,988	2,830
Fixed fee .....	1,958	1,988	2,790
Pension contributions .....	30	30	40
Board of directors .....	777	742	996
Audit Committee .....	0	0	50
Board of representatives.....	0	0	165
<b>Total salaries and remunerations of board etc. ....</b>	<b>2,765</b>	<b>2,730</b>	<b>4,041</b>
<b>Staff costs</b>			
Wages and salaries .....	50,646	48,376	64,503
Pensions .....	5,612	5,296	7,106
Social security costs .....	711	718	852
Payroll tax .....	7,912	6,743	9,042
<b>Total staff costs .....</b>	<b>64,881</b>	<b>61,133</b>	<b>81,503</b>
<b>Other administrative expenses .....</b>	<b>41,962</b>	<b>36,537</b>	<b>54,136</b>
<b>Total staff costs and administrative expenses .....</b>	<b>109,608</b>	<b>100,400</b>	<b>139,680</b>
<b>Number of employees</b>			
Average number of employees .....	132	129	128



## Notes per 30th September (continued)

1,000 DKK	2016	2015	1.1 31.12 2015
<b>Write-downs on loans and receivables</b>			
Write-downs and provisions during the year .....	73,011	88,152	119,545
Reversal of write-downs made in previous years .....	-42,743	-41,647	-45,262
Finally lost, not previously written down .....	5,750	3,702	4,516
Interests on the written-down part of loans .....	-10,350	-9,675	-12,900
Recoveries of previously written-down debt .....	-986	-819	-1,991
<b>Individual write-downs on loans etc. ....</b>	<b>24,682</b>	<b>39,713</b>	<b>63,908</b>
<b>Profit on holdings in associated and group companies</b>			
Profit on holdings in associated companies .....	0	0	0
Profit on holdings in group companies .....	0	-700	-760
<b>Total profit on holdings in associated and group companies .....</b>	<b>0</b>	<b>-700</b>	<b>-760</b>
<b>Individual write-downs and provisions</b>			
Write-downs as per beginning of the year .....	340,059	337,551	337,551
Write-downs during the period (net) .....	71,754	86,411	115,849
Reversal of write-downs made in previous years .....	-42,054	-40,438	-42,829
Write-downs in previous years, now lost .....	-34,241	-32,691	-70,512
<b>Individual write-downs total .....</b>	<b>335,518</b>	<b>350,833</b>	<b>340,059</b>
<b>Group write-downs on and provisions</b>			
Write-downs as per beginning of the year .....	24,166	22,902	22,902
Write-downs during the period .....	567	532	1,264
<b>Group write-downs on loans etc. ....</b>	<b>24,733</b>	<b>23,434</b>	<b>24,166</b>
<b>Write-downs total .....</b>	<b>360,251</b>	<b>374,267</b>	<b>364,225</b>


## Notes per 30th September (continued)


1,000 DKK	2016	2015	1.1 31.12 2015
<b>Guarantees</b>			
Provisions beginning of the year .....	62	0	0
Provisions during the year .....	0	147	62
Losses on guarantees .....	0	0	0
Transferred to liabilities.....	-62	0	0
<b>Guarantees total .....</b>	<b>0</b>	<b>147</b>	<b>62</b>
<b>Total loans etc. with suspended calc. of interest .....</b>	<b>146,898</b>	<b>155,880</b>	<b>144,970</b>
<b>Share capital</b>			
Number of shares at DKK 20 each .....	9,640,000	9,640,000	9,640,000
<b>Share capital .....</b>	<b>192,800</b>	<b>192,800</b>	<b>192,800</b>
<b>Own capital shares</b>			
Number of shares (pcs).....	11,457	11,654	9,979
Nominal value hereof.....	229	233	200
Market value hereof .....	458	418	334
Own shares proportion of share capital (per cent) .....	0.10%	0.10%	0.10%





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